

COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2020

NEW OPPORTUNITIES, INC.

Table of Contents

		<u>Page</u>
Board of Directors		1
Independent Auditor's Report		2
	<u>Exhibit</u>	
Financial Statements:		
Statement of Financial Position - All Funds	A	4
Statement of Activities - All Funds	B	5
Statement of Functional Expenses	C	6
Statement of Cash Flows	D	7
Notes to Financial Statements		8
	<u>Schedule</u>	
Supplementary Information:		
Schedule of Activities - Program Funds	1	18
Schedule of Expenditures of Federal Awards	2	21
Schedule of Revenues and Expenditures Compared to Budget:		
Community Services Block Grants	3	25
Low-Income Home Energy Assistance Program	4	26
Weatherization Assistance Programs	5- 9	27
Schedule of Revenues and Expenditures:		
Administrative Fund	10	32
Comments and Recommendations:		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		33
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		35
Schedule of Findings and Questioned Costs		37

NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Carl Legore	Vice President
Terry Striegel	Secretary
Carolyn Masters	Treasurer

Board Members

<u>County</u>	<u>Representing</u>		
	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Gary VanAernam	Tina Malloy	Kathy Kluis
Calhoun	Carl Legore	Peggy Galletley	Vacancy
Carroll	Eugene Meiners	Jeff Cayler	Peg Hamilton
Dallas	Mark Hanson	Kim Denman	Tim Farmer
Greene	Tom Contner	Lori Campbell	Vacancy
Guthrie	Jerome Kuster	Denis James	Carolyn Masters
Sac	Brent Willhelm	Cindy Wallace	Terry Striegel

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

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DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of New Opportunities, Inc. (an Iowa Non-Profit Corporation) which comprise the statement of financial position as of September 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors
New Opportunities, Inc.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise New Opportunities, Inc.'s basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended September 30, 2019 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included on page 1 and on Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2021 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering New Opportunities, Inc.'s internal control over financial reporting and compliance.

Sharon Wood, Bell, Thyer - Co. P.C.

Atlantic, Iowa
March 10, 2021

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2020

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 341,060	\$ 694,410	\$ --	\$ 1,035,470
Investments	16,591	--	--	16,591
Receivables:				
Grantor agencies	--	825,702	--	825,702
Other sources	76	112,114	--	112,190
Prepays	68,835	--	--	68,835
Inventory	13,287	--	--	13,287
Deferred financing costs	24,678	--	--	24,678
Property and equipment at cost, less accumulated depreciation of \$1,450,724	--	--	2,863,438	2,863,438
Total Assets	<u>\$ 464,527</u>	<u>\$ 1,632,226</u>	<u>\$ 2,863,438</u>	<u>\$ 4,960,191</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
Liabilities				
Payables:				
Accounts	\$ 10,992	\$ 228,702	\$ --	\$ 239,694
Salaries and benefits	42,499	318,271	--	360,770
State advance	--	32,087	--	32,087
Advances from grantors	5,317	525,150	--	530,467
Long-term debt	<u>1,192,888</u>	<u>--</u>	<u>--</u>	<u>1,192,888</u>
Total Liabilities	1,251,696	1,104,210	--	2,355,906
Net Assets (Deficit)				
Without donor restrictions	(787,169)	528,016	1,502,546	1,243,393
With donor restrictions	--	--	1,360,892	1,360,892
Total Net Assets (Deficit)	<u>(787,169)</u>	<u>528,016</u>	<u>2,863,438</u>	<u>2,604,285</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 464,527</u>	<u>\$ 1,632,226</u>	<u>\$ 2,863,438</u>	<u>\$ 4,960,191</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2020

	Without Donor Restrictions			
	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Grant Revenue	\$ --	\$ 8,530,691	\$ --	\$ 8,530,691
Local Funding and Donations	1,289	247,790	--	249,079
Program and Other Income	10,516	452,057	--	462,573
Co-Funding	1,597	139,755	--	141,352
In-Kind Contributions	--	622,155	--	622,155
Investment Income	7,209	--	--	7,209
Rental Income	133,132	--	--	133,132
Investment in Plant	--	--	145,568	145,568
Net Assets Released from Restrictions	--	124,021	67,381	191,402
Total Revenues	153,743	10,116,469	212,949	10,483,161
Expenses:				
Head Start	--	4,466,707	--	4,466,707
Child and Adult Care Food Program (CACFP)	--	504,308	--	504,308
Community Services Block Grant (CSBG)	--	316,029	--	316,029
Family Development Centers (FDC)/Outreach	--	402,857	--	402,857
Women, Infants and Children (WIC)	--	298,698	--	298,698
Maternal and Child Health	--	244,985	--	244,985
1 st Five	--	87,947	--	87,947
Low-Income Home Energy Assistance Program (LIHEAP)	--	2,050,538	--	2,050,538
Weatherization Assistance	--	477,742	--	477,742
Substance Abuse Programs	--	979,238	--	979,238
Other Programs	--	283,005	--	283,005
Administration	294,564	--	--	294,564
Depreciation	--	--	190,188	190,188
Total Expenses	294,564	10,112,054	190,188	10,596,806
Excess of Revenues Over Expenses (Expenses Over Revenues)	(140,821)	4,415	22,761	(113,645)
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	(6,951)	--	--	(6,951)
Change in Net Assets	(147,772)	4,415	22,761	(120,596)
Net Assets (Deficit) - Beginning of Year	(639,397)	523,601	1,479,785	1,363,989
Net Assets (Deficit) - end of Year	<u>\$(787,169)</u>	<u>\$ 528,016</u>	<u>\$ 1,502,546</u>	<u>\$ 1,243,393</u>

See notes to financial statements.

With Donor Restrictions			Grand Total
Program Funds	Plant Fund	Total	
\$ --	\$ --	\$ --	\$ 8,530,691
124,021	--	124,021	373,100
--	--	--	462,573
--	--	--	141,352
--	--	--	622,155
--	--	--	7,209
--	--	--	133,132
--	851,721	851,721	997,289
(124,021)	(67,381)	(191,402)	--
--	784,340	784,340	11,267,501
--	--	--	4,466,707
--	--	--	504,308
--	--	--	316,029
--	--	--	402,857
--	--	--	298,698
--	--	--	244,985
--	--	--	87,947
--	--	--	2,050,538
--	--	--	477,742
--	--	--	979,238
--	--	--	283,005
--	--	--	294,564
--	--	--	190,188
--	--	--	10,596,806
--	784,340	784,340	670,695
--	--	--	(6,951)
--	784,340	784,340	663,744
--	576,552	576,552	1,940,541
\$ --	\$ 1,360,892	\$ 1,360,892	\$ 2,604,285

NEW OPPORTUNITIES, INC.
Statement of Functional Expenses
Year Ended September 30, 2020

	Management and General	Program Services	Total
Salaries and wages	\$ 407,382	\$ 2,879,493	\$ 3,286,875
Fringe benefits	129,511	1,022,255	1,151,766
Assistance to individuals	--	2,659,371	2,659,371
Professional fees and contracted services	23,036	271,469	294,505
Travel	6,024	70,067	76,091
Occupancy	17,863	223,135	240,998
Communication costs	4,531	69,287	73,818
Program and office supplies	30,461	339,716	370,177
Equipment, property and maintenance	246,358	1,026,018	1,272,376
Insurance	3,823	38,166	41,989
Interest expense	57,426	--	57,426
Amortization	2,191	--	2,191
Miscellaneous	17,550	97,978	115,528
Co-funding	--	141,352	141,352
In-kind expenses	--	622,155	622,155
Depreciation	<u>122,807</u>	<u>67,381</u>	<u>190,188</u>
Total Expenses Before Allocation of Indirect Costs	1,068,963	9,527,843	10,596,806
Allocation of indirect costs	<u>(651,592)</u>	<u>651,592</u>	<u>--</u>
Total Expenses	<u>\$ 417,371</u>	<u>\$ 10,179,435</u>	<u>\$ 10,596,806</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2020

Cash flows from operating activities:	
Cash received from granting agencies	\$ 8,687,356
Local funding and donations received	373,100
Investment income	7,209
Program and other income received	471,087
Cash paid to employees and suppliers	(8,586,836)
Interest paid	(57,426)
Net cash provided by operating activities	<u>894,490</u>
Cash flows from investing activities:	
Payments to acquire property and equipment	(894,323)
Cash flows from financing activities:	
Proceeds from note payable	400,000
Principal paid on revenue bond	(70,650)
Principal paid on note payable	(3,020)
Net cash provided by financing activities	<u>326,330</u>
Net increase in cash	326,497
Cash and cash equivalents at beginning of year	<u>708,973</u>
Cash and cash equivalents at end of year	<u>\$ 1,035,470</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc. (the Agency), a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac, while also providing select services in Adair, Crawford, Madison, Pocahontas and Warren counties. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Agency is required to file a Form 990 annually to maintain its exempt status.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. For the year ended September 30, 2020, the Agency received approximately 75% of its revenues from five governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2020 to September 30, 2021.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board for non-profit corporations.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenses are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenses that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

Unconditional promises to give cash and other assets to the Agency are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Agency, unless the donor provides more specific directions about the period of its use.

Revenues and expenses are reported as increases or decreases in net assets without donor restrictions unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the Statement of Financial Position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses (expenses over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2020, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenses for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized into the Plant Fund. The cost of assets disposed of is deleted. No interest costs were capitalized during the year ended September 30, 2020.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advances From Grantors - Advances from grantors represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative and Program Funds. This liability has been computed based on rates of pay in effect at September 30, 2020.

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

G. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. These statements report certain categories of expenses that are attributable to both program or supporting functions of the Agency. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage for space and utility costs and time and effort for personnel expenses and other costs.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a provisional Indirect Cost Rate of up to 16.8% for fiscal years October 1, 2019 to September 30, 2022. The Agency used a 16.7% Indirect Cost Rate for the fiscal year ending September 30, 2020. The Indirect Cost allowed is calculated by multiplying the lower of the approved provisional rate or the rate used by the Agency (16.7%) times the allocation base. The allocation base is the Agency's direct salaries and wages, including fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NOTE 3 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2020 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Equity securities	\$ <u>16,591</u>
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All equity securities are classified as available for sale. None of the \$16,591 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2020:

Investment Income:	
Interest and dividend income	\$ <u>7,209</u>
Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	\$(<u>6,951</u>)

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$1,360,892 consist of undepreciated capital items restricted for use within a specific program.

Net assets released from restrictions of \$191,402 during the year ended September 30, 2020 represent amounts that satisfied program restrictions or were utilized during the time period for which it was restricted.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 5 - FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs were available for all investments at September 30, 2020.

Level 1 Fair Value Measurements

The fair value of publicly traded equity securities is based on quoted net asset values of the shares held by the Agency at year-end.

The following table sets forth, by level within the fair value hierarchy, the Agency's investments at fair value as of September 30, 2020:

<u>September 30, 2020</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equity securities	\$ <u>16,591</u>	\$ <u>16,591</u>

NOTE 6 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of September 30, 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital costs not financed with debt, were as follows:

Financial assets:

Cash and cash equivalents	\$ 1,035,470
Investments	16,591
Receivables from grantor agencies and other sources	<u>937,892</u>
Total financial assets available within one year	<u>\$ 1,989,953</u>

The Agency does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents. Most of the Agency's grant awards reimburse expenditures as they are incurred to meet liquidity needs. The Agency also has a line of credit that could be available for additional cash as described in Note 10.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 7 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2020, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Head Start	\$1,273,282	\$ 227,532	\$ 120,502	\$ 1,621,316
Maternal Health/Child Health	--	--	5,643	5,643
Weatherization Assistance	--	53,608	6,405	60,013
Women, Infants and Children	--	21,847	--	21,847
Community Service Block Grant	--	21,851	--	21,851
General Agency	<u>2,397,519</u>	<u>35,263</u>	<u>150,710</u>	<u>2,583,492</u>
Total Cost	<u>3,670,801</u>	<u>360,101</u>	<u>283,260</u>	<u>4,314,162</u>
Less Accumulated Depreciation	<u>(984,628)</u>	<u>(249,629)</u>	<u>(216,467)</u>	<u>(1,450,724)</u>
Net	<u>\$2,686,173</u>	<u>\$ 110,472</u>	<u>\$ 66,793</u>	<u>\$ 2,863,438</u>

The components of the Agency's accumulated depreciation at September 30, 2020 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 928,125	\$ 252,544	\$ 230,099	\$ 1,410,768
Current Year Depreciation	104,712	38,545	46,931	190,188
Less Disposals	<u>(48,209)</u>	<u>(41,460)</u>	<u>(60,563)</u>	<u>(150,232)</u>
Balance End of Year	<u>\$ 984,628</u>	<u>\$ 249,629</u>	<u>\$ 216,467</u>	<u>\$ 1,450,724</u>

NOTE 8 - LONG-TERM DEBT

The following is a summary of long-term debt and related information at September 30, 2020:

Revenue bond payable	\$ 795,907
Note payable to bank	<u>396,981</u>
	<u>\$ 1,192,888</u>

The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.

The bank note payable was issued in July, 2020 in the amount of \$400,000. The note was issued to finance the acquisition of the Perry building (Note 11) and is collateralized by a mortgage agreement on the building. The note matures in 180 equal monthly installments of \$3,100, including interest at 4.63% per annum, through July, 2035.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 8 - LONG-TERM DEBT - Continued

The principal and interest payments required on long-term debt for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 94,369	\$ 67,722	\$ 162,091
2022	100,326	61,765	162,091
2023	106,667	55,424	162,091
2024	113,369	48,722	162,091
2025	120,589	41,502	162,091
2026-2035	<u>657,568</u>	<u>114,099</u>	<u>771,667</u>
	<u>\$ 1,192,888</u>	<u>\$ 389,234</u>	<u>\$ 1,582,122</u>

NOTE 9 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases copy machines and a mailing system under non-cancelable operating leases expiring through February, 2024.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	
2021	\$ 26,449
2022	26,141
2023	24,094
2024	<u>7,868</u>
Total minimum future rental payments	<u>\$ 84,552</u>

Rental expense under all non-cancelable operating leases for the year ended September 30, 2020 totaled approximately \$25,700.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 10 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is identified as a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

Plan members are required to contribute 6.29% of their annual salary and the Agency is required to contribute 9.44% of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the year ended September 30, 2020 was approximately \$307,700, equal to the required contribution for the year, while the employees contributed approximately \$196,000.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$300,000. The line of credit carries a variable interest rate (5.00% at September 30, 2020) and there was no amount borrowed on the line at September 30, 2020. The agreement expires in April, 2021.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Construction in Progress

During the year ended September 30, 2020, the Agency entered into an agreement to purchase and remodel a building in Perry, Iowa for the Head Start Program with a total anticipated cost of \$1,733,642. At September 30, 2020, costs incurred on the building totaled \$864,760, and are included in Land and Building on the Agency's financial statements. Financing for the project is being provided through grants provided by the Head Start Program, proceeds from a bank loan (Note 8), and funds generated internally.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2020

NOTE 11 - COMMITMENTS AND CONTINGENCIES - Continued

Building Purchase

The Agency has entered into an agreement to purchase a building in Carroll, Iowa for the Center Based Early Head Start Program with an estimated cost of \$1,310,000. Closing on the purchase is expected during the year ending September 30, 2021. Financing for the purchase will be provided by the Center Based Early Head Start Program.

Subsequent Event

The Agency has evaluated all subsequent events through March 10, 2021, the date the financial statements were available to be issued.

NOTE 12 - MATTERS AFFECTING CURRENT AND SUBSEQUENT YEARS
OPERATIONS

On March 11, 2020 the World Health Organization declared the Novel Coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of March 16, 2020 certain of the Agency's operations were limited per recommendations of the Governor and Department of Public Health and have remained limited to varying degrees since. The Agency cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Agency's financial position, results of operations or cash flows in 2021 and beyond.

NOTE 13 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION

ASU No. 2018-08

During 2020, the Agency adopted Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. Analysis of the various provisions of this standard resulted in no significant changes in the way the Agency recognizes contributions received.

NOTE 14 - RECLASSIFICATIONS

Certain amounts or presentations of prior year figures may have been reclassified to conform to the September 30, 2020 presentation. Ending net assets remained unchanged as a result of any reclassification.

* * *

SUPPLEMENTARY INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2020

	<u>Head Start & Early Head Start</u>	<u>CACFP - Head Start</u>
Revenues:		
Grant Revenue	\$ 3,844,552	\$ 78,425
Local Funding and Donations	--	--
Program and Other Income	--	--
Co-Funding	--	--
In-Kind Contributions	<u>622,155</u>	<u>--</u>
Total Revenues	4,466,707	78,425
Expenses:		
Salaries and wages	1,516,030	--
Fringe benefits	534,189	--
Assistance to individuals	14,722	78,425
Professional fees and contracted services	195,164	--
Travel	21,391	--
Occupancy	96,809	--
Communication costs	23,355	--
Program and office supplies	127,129	--
Equipment, property and maintenance	918,165	--
Insurance	19,810	--
Miscellaneous	35,401	--
Co-Funding	--	--
In-Kind expenses	<u>622,155</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	4,124,320	78,425
Allocation of Indirect Costs	<u>342,387</u>	<u>--</u>
Total Expenses	<u>4,466,707</u>	<u>78,425</u>
Change in Net Assets	--	--
Net Assets (Deficit) at Beginning of Year	<u>--</u>	<u>--</u>
Net Assets (Deficit) at End of Year	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>CACFP - Homes</u>	<u>CSBG</u>	<u>FDC Outreach</u>	<u>WIC</u>
\$ 425,883	\$ 316,029	\$ 25,058	\$ 298,588
--	--	236,882	--
--	--	23,207	--
--	--	118,371	110
--	--	--	--
425,883	316,029	403,518	298,698
46,385	86,688	133,009	159,383
15,660	32,080	55,165	49,531
334,764	3,890	56,275	3,397
5,868	1,841	2,244	5,360
3,598	2,598	8,946	2,587
1,348	2,775	26,134	11,550
1,193	1,975	10,150	4,744
4,746	16,225	30,331	16,425
295	907	23,764	2,299
181	859	2,798	1,796
1,484	5,005	22,616	6,737
--	141,352	--	--
--	--	--	--
415,522	296,195	371,432	263,809
10,361	19,834	31,425	34,889
425,883	316,029	402,857	298,698
--	--	661	--
--	--	701	--
\$ --	\$ --	\$ 1,362	\$ --

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2020

	Maternal & Child Health	1 st Five
Revenues:		
Grant Revenue	\$ 132,951	\$ 87,701
Local Funding and Donations	2,330	--
Program and Other Income	90,008	--
Co-Funding	19,696	246
In-Kind Contributions	--	--
Total Revenues	244,985	87,947
Expenses:		
Salaries and wages	127,702	44,844
Fringe benefits	42,425	13,517
Assistance to individuals	--	--
Professional fees and contracted services	12,917	59
Travel	1,185	735
Occupancy	7,251	3,862
Communication costs	2,370	939
Program and office supplies	14,929	8,540
Equipment, property and maintenance	1,625	830
Insurance	865	440
Miscellaneous	5,305	4,435
Co-Funding	--	--
In-Kind expenses	--	--
Total Expenses Before Allocation of Indirect Costs	216,574	78,201
Allocation of Indirect Costs	28,411	9,746
Total Expenses	244,985	87,947
Change in Net Assets	--	--
Net Assets (Deficit) at Beginning of Year	--	--
Net Assets (Deficit) at End of Year	\$ --	\$ --

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Weatherization Assistance Programs			
LIHEAP	HEAP	Department of Energy	Utility Company
\$ 2,050,538	\$ 262,867	\$ 125,871	\$ 89,004
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
2,050,538	262,867	125,871	89,004
106,263	9,749	--	--
43,168	3,397	--	--
1,839,503	170,243	50,854	77,402
1,767	--	--	--
2,736	--	2,316	--
12,088	--	--	--
6,096	--	--	--
7,928	--	--	--
1,765	--	--	--
780	2,374	--	--
3,489	77,104	72,701	11,602
--	--	--	--
--	--	--	--
2,025,583	262,867	125,871	89,004
24,955	--	--	--
2,050,538	262,867	125,871	89,004
--	--	--	--
--	--	--	--
\$ --	\$ --	\$ --	\$ --

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2020

	<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>
Revenues:		
Grant Revenue	\$ 281,263	\$ 340,101
Local Funding and Donations	56,048	33,018
Program and Other Income	37,084	235,143
Co-Funding	1,335	(1,000)
In-Kind Contributions	<u>--</u>	<u>--</u>
Total Revenues	375,730	607,262
Expenses:		
Salaries and wages	175,695	265,150
Fringe benefits	68,117	95,752
Assistance to individuals	--	9,846
Professional fees and contracted services	4,014	13,263
Travel	12,082	6,051
Occupancy	10,998	25,867
Communication costs	3,417	10,646
Program and office supplies	48,944	33,246
Equipment, property and maintenance	5,629	65,069
Insurance	1,324	2,154
Miscellaneous	2,108	18,878
Co-Funding	--	--
In-Kind expenses	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	332,328	545,922
Allocation of Indirect Costs	<u>40,717</u>	<u>60,271</u>
Total Expenses	<u>373,045</u>	<u>606,193</u>
Change in Net Assets	2,685	1,069
Net Assets (Deficit) at Beginning of Year	<u>81,004</u>	<u>694,474</u>
Net Assets (Deficit) at End of Year	<u>\$ 83,689</u>	<u>\$ 695,543</u>

See accompanying independent auditor's report.

<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
\$ 171,860	\$ --	\$ 8,530,691
43,533	--	371,811
246,339	(179,724)	452,057
997	--	139,755
<u>--</u>	<u>--</u>	<u>622,155</u>
462,729	(179,724)	10,116,469
208,595	--	2,879,493
69,254	--	1,022,255
20,050	--	2,659,371
28,972	--	271,469
5,842	--	70,067
24,453	--	223,135
4,402	--	69,287
31,273	--	339,716
5,670	--	1,026,018
4,785	--	38,166
10,837	(179,724)	97,978
--	--	141,352
<u>--</u>	<u>--</u>	<u>622,155</u>
414,133	(179,724)	9,460,462
<u>48,596</u>	<u>--</u>	<u>651,592</u>
<u>462,729</u>	<u>(179,724)</u>	<u>10,112,054</u>
--	--	4,415
<u>(252,578)</u>	<u>--</u>	<u>523,601</u>
<u><u>\$(252,578)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 528,016</u></u>

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 010517-02
Head Start Program	93.600	07CH 010517-03
Early Head Start	93.600	07CH 010517-02
Early Head Start	93.600	07CH 010517-03
Early Head Start Expansion	93.600	07HP 000122-01
Early Head Start Expansion	93.600	07HP 000122-02
Indirect Programs		
Passed through Iowa Department of Human Rights		
Low-Income Home Energy Assistance Program	93.568	LIHEAP 20-01
Low-Income Home Energy Assistance Program Cares Supplemental	93.568	LIHEAP 20CA-01
Weatherization Assistance Program	93.568	HEAP 19-01
Weatherization Assistance Program	93.568	HEAP 20-01
Community Services Block Grant	93.569	CSBG 19-01
Community Services Block Grant	93.569	CSBG 20-01
Community Services Block Grant Supplemental	93.569	CSBG 20S-01
Passed through Iowa Department of Public Health		
Family Planning	93.217	5880 FP04
Family Planning	93.217	5881 FP04
State Sexual Risk Avoidance Education Program	93.235	5880 CH01A
State Sexual Risk Avoidance Education Program	93.235	5881 CH01A
IPN Zero Suicide Iowa	93.243	5880 SM16
Expansion of School Based Dental Sealant Program	93.366	5880 MH04
MCAH CCNC	93.575	5880 MH04
Hawk-I	93.767	5880 MH04
I-Smile	93.778	5880 MH04
1 st Five HMDI - Implementation Phase	93.778	5880 MH103
1 st Five HMDI - Implementation Phase	93.778	5881 MH103
Maternal Health FFS	93.778	5880 MH04
Child Health FFS	93.778	5880 MH04
State Opioid Response in Iowa	93.788	5880 SA94
IPN Network Support	93.959	5889 PN05
IPN Network Support	93.959	5881 PN05
IPN Prevention - Substance Abuse	93.959	5889 PN05
IPN Prevention - Substance Abuse	93.959	5881 PN05
IPN Prevention Problem Gambling	93.959	5881 PN05
IPN Outpatient Treatment - Substance Use Disorder	93.959	5889 PN05
IPN Outpatient Treatment - Substance Use Disorder	93.959	5881 PN05
IPN Outpatient Treatment - Problem Gambling	93.959	5881 PN05

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
12/01/18 - 11/30/19	\$ 618,137
12/01/19 - 11/30/20	2,030,695
12/01/18 - 11/30/19	119,282
12/01/19 - 11/30/20	401,621
03/01/19 - 02/29/20	106,432
03/01/20 - 02/28/21	<u>568,385</u>
	3,844,552
10/01/19 - 09/30/20	1,962,790
03/27/20 - 09/30/21	87,748
01/01/19 - 12/31/19	200,372
01/01/20 - 12/31/20	<u>62,495</u>
	2,313,405
10/01/18 - 09/30/20	182,016
10/01/19 - 12/31/20	40,876
01/20/20 - 09/30/22	<u>93,137</u>
	316,029
04/01/19 - 03/31/20	24,360
04/01/20 - 03/31/21	<u>23,391</u>
	47,751
08/01/19 - 07/31/20	63,789
08/01/20 - 07/31/21	<u>9,032</u>
	72,821
09/30/19 - 09/29/20	21,000
10/01/19 - 09/30/20	5,000
10/01/19 - 09/30/20	3,150
10/01/19 - 09/30/20	2,865
10/01/19 - 09/30/20	28,481
07/01/19 - 06/30/20	23,113
07/01/20 - 06/30/21	9,336
10/01/19 - 09/30/20	436
10/01/19 - 09/30/20	<u>12,936</u>
	74,302
09/30/19 - 09/29/20	37,651
01/01/19 - 06/30/20	15,231
07/01/20 - 06/30/21	7,726
01/01/19 - 06/30/20	79,455
07/01/20 - 06/30/21	9,715
07/01/20 - 06/30/21	1,350
01/01/19 - 06/30/20	42,207
07/01/20 - 06/30/21	15,746
07/01/20 - 06/30/21	<u>556</u>
	171,986

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Indirect Programs - Continued		
Passed through Iowa Department of Public Health		
Expansion of School Based Dental Sealant Program	93.994	5880 MH04
Maternal Health	93.994	5880 MH04
Child Health	93.994	5880 MH04
Child Dental Health	93.994	5880 MH04
 Passed through Iowa Department of Human Services		
Promoting Safe and Stable Families	93.556	CPPC-20-01
Iowa Child Abuse Prevention Program	93.556	ACFS-19-093
 Community for Adolescent Pregnancy Prevention	93.558	ACFS-20-045
Iowa Child Abuse Prevention Program	93.558	ACFS-19-093
 Iowa Child Abuse Prevention Program	93.669	ACFS-19-093
<i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Energy		
Indirect Programs		
Passed through Iowa Department of Human Rights		
Weatherization Assistance Program	81.042	DOE 19-01
Weatherization Assistance Program	81.042	DOE 20-01
<i>Total U.S. Department of Energy</i>		
U.S. Department of Agriculture		
Indirect Programs		
Passed through Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880 A033
Breastfeeding Peer Counseling through WIC	10.557	5880 A033
 Passed through Iowa Department of Education		
Child and Adult Care Food Program Training Funds	10.536	CN-CACFP-TRN-18-IA-1
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	09998616
 Passed through Iowa Department of Agriculture & Land Stewardship		
Farmers Market	10.572	3IA810850
<i>Total U.S. Department of Agriculture</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
10/01/19 - 09/30/20	\$ 4,200
10/01/19 - 09/30/20	5,786
10/01/19 - 09/30/20	13,518
10/01/19 - 09/30/20	<u>1,465</u>
	24,969
07/01/19 - 06/30/21	3,009
07/01/18 - 06/30/20	<u>1,671</u>
	4,680
07/01/19 - 06/30/21	47,378
07/01/18 - 06/30/20	<u>286</u>
	47,664
07/01/18 - 06/30/20	<u>11</u>
	6,987,836
04/01/19 - 03/31/20	4,927
04/01/20 - 03/31/21	<u>120,944</u>
	<u>125,871</u>
	125,871
10/01/19 - 09/30/20	277,203
10/01/19 - 09/30/20	<u>21,146</u>
	298,349
10/01/19 - 09/30/20	800
10/01/19 - 09/30/20	425,883
10/01/19 - 09/30/20	<u>78,425</u>
	504,308
05/01/18 - 12/31/21	<u>402</u>
	803,859

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Housing and Urban Development		
Indirect Program		
Passed through City of Carroll		
Community Development Block Grant	14.228	20-OT-029
<i>Total U.S. Department of Housing and Urban Development</i>		
U.S. Department of the Treasury		
Indirect Program		
Passed through Iowa Finance Authority		
Iowa Eviction Prevention Program	21.019	ICAA COVID-19
<i>Total U.S. Department of the Treasury</i>		
U.S. Department of Justice:		
Indirect Program		
Passed through Iowa Commission on Volunteer Service		
Juvenile Mentoring Program	16.726	190JJDP-03
<i>Total U.S. Department of Justice</i>		
Total Expenditures of Federal Awards		
<i>Total Direct Programs</i>		
<i>Total Indirect Programs</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
04/24/20 - 04/24/21	\$ <u>10,100</u>
	10,100
03/17/20 - 12/31/20	<u>6,158</u>
	6,158
03/01/19 - 09/30/21	<u>47,252</u>
	<u>47,252</u>
	<u>\$ 7,981,076</u>
	\$ 3,844,552
	\$ 4,136,524

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2020

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of New Opportunities, Inc. under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Opportunities, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of New Opportunities, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - SUBRECIPIENTS

No federal grant awards were passed through to subrecipients during the year ended September 30, 2020.

NOTE D - INDIRECT COST RATE

New Opportunities, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. It has a federal approved rate from the Department of Health and Human Services.

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Community Services Block Grants
Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 182,016	\$ 182,016	\$ --
Program Expenditures:			
Personnel	\$ 81,287	\$ 53,379	\$ 27,908
Travel	5,095	1,856	3,239
Space Costs	4,760	3,863	897
Equipment	1,933	657	1,276
Co-Funded Programs	65,094	103,655	(38,561)
Other Costs	10,272	9,692	580
Indirect Costs	13,575	8,914	4,661
Total Expenditures	\$ 182,016	\$ 182,016	\$ --
<u>Contract Number CSBG 20-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 251,718	\$ 40,876	\$ 210,842
Program Expenditures:			
Personnel	\$ 88,660	\$ 7,224	\$ 81,436
Travel	5,750	55	5,695
Space Costs	4,900	340	4,560
Equipment	1,500	3	1,497
Co-Funded Programs	124,543	30,691	93,852
Other Costs	11,559	1,356	10,203
Indirect Costs	14,806	1,207	13,599
Total Expenditures	\$ 251,718	\$ 40,876	\$ 210,842

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Low-Income Home Energy Assistance Program
Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP 20-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,969,273	\$ 1,962,790	\$ 6,483
Program Expenditures:			
Regular Assistance	\$ 1,371,231	\$ 1,364,748	\$ 6,483
Energy Crisis Intervention Payments	247,541	247,541	--
Client Services	12,354	12,354	--
Program Support	6,690	6,690	--
Summer Deliverable Fuel Program	150,427	150,427	--
Administration Costs	181,030	181,030	--
Total Expenditures	\$ 1,969,273	\$ 1,962,790	\$ 6,483

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 369,749	\$ 200,372	\$ 169,377
Program Expenditures:			
Administration Costs	\$ 19,976	\$ 12,249	\$ 7,727
Weatherization Materials	102,140	29,821	72,319
Support Costs	78,123	54,579	23,544
Labor	92,297	28,453	63,844
Health and Safety	56,304	74,328	(18,024)
Equipment and Training	20,909	942	19,967
Pollution Occurrence Insurance	--	--	--
Total Expenditures	\$ 369,749	\$ 200,372	\$ 169,377
<u>Contract Number HEAP 20-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 534,373	\$ 62,495	\$ 471,878
Program Expenditures:			
Administration Costs	\$ 26,745	\$ 2,147	\$ 24,598
Weatherization Materials	119,113	3,766	115,347
Support Costs	123,217	8,128	115,089
Labor	119,113	5,857	113,256
Health and Safety	113,844	27,910	85,934
Equipment and Training	29,967	12,313	17,654
Pollution Occurrence Insurance	2,374	2,374	--
Total Expenditures	\$ 534,373	\$ 62,495	\$ 471,878

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 4,927	\$ 4,927	\$ --
Program Expenditures:			
Administration Costs	\$ --	\$ --	\$ --
Weatherization Materials	21,950	263	21,687
Support Costs	(16,049)	--	(16,049)
Labor	(4,132)	525	(4,657)
Health and Safety	(1,770)	858	(2,628)
T & TA	4,928	3,281	1,647
Total Expenditures	\$ 4,927	\$ 4,927	\$ --
<u>Contract Number DOE 20-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 225,395	\$ 120,944	\$ 104,451
Program Expenditures:			
Administration Costs	\$ 26,322	\$ 22,427	\$ 3,895
Weatherization Materials	49,964	10,876	39,088
Support Costs	47,721	49,039	(1,318)
Labor	49,964	19,632	30,332
Health and Safety	36,424	18,700	17,724
T & TA	15,000	270	14,730
Total Expenditures	\$ 225,395	\$ 120,944	\$ 104,451

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
Program Expenditures:			
Administration Costs	\$ --	\$ --	\$ --
Support Costs	--	--	--
Labor	(347)	--	(347)
Weatherization Materials	347	--	347
Total Expenditures	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>Contract Number BHE 20-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 8,857	\$ 8,148	\$ 709
Program Expenditures:			
Administrative Costs	\$ 385	\$ 354	\$ 31
Support Costs	770	709	61
Labor	3,851	4,448	(597)
Weatherization Materials	3,851	2,637	1,214
Total Expenditures	<u>\$ 8,857</u>	<u>\$ 8,148</u>	<u>\$ 709</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number IPL 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 17,178	\$ 17,178	\$ --
Program Expenditures:			
Administration Costs	\$ 746	\$ 746	\$ --
Support Costs	1,493	1,493	--
Labor	976	7,467	(6,491)
Weatherization Materials	13,963	7,472	6,491
Total Expenditures	\$ 17,178	\$ 17,178	\$ --
<u>Contract Number IPL 20-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 58,784	\$ 10,677	\$ 48,107
Program Expenditures:			
Administration Costs	\$ 2,556	\$ 464	\$ 2,092
Support Costs	5,112	928	4,184
Labor	25,558	5,102	20,456
Weatherization Materials	25,558	4,183	21,375
Total Expenditures	\$ 58,784	\$ 10,677	\$ 48,107

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number MEC 19-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 15,460	\$ 15,460	\$ --
Program Expenditures:			
Administration Costs	\$ 671	\$ 671	\$ --
Support Costs	1,339	1,339	--
Labor	2,093	6,096	(4,003)
Weatherization Materials	11,357	7,354	4,003
Total Expenditures	\$ 15,460	\$ 15,460	\$ --
<u>Contract Number MEC 20-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 54,832	\$ 37,541	\$ 17,291
Program Expenditures:			
Administrative Costs	\$ 2,358	\$ 1,632	\$ 726
Support Costs	4,770	3,264	1,506
Labor	23,852	16,644	7,208
Weatherization Materials	23,852	16,001	7,851
Total Expenditures	\$ 54,832	\$ 37,541	\$ 17,291

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures
Administrative Fund
Year Ended September 30, 2020

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Local Funding and Donations	\$ 1,289	\$ --	\$ 1,289
Program and Other Income	10,516	--	10,516
Co-Funding	1,597	--	1,597
Investment Income	7,209	--	7,209
Rental Income	<u>133,132</u>	<u>--</u>	<u>133,132</u>
Total Revenues	<u>\$ 153,743</u>	<u>\$ --</u>	<u>\$ 153,743</u>
Expenditures:			
Salaries and Wages	\$ 8,685	\$ 398,697	\$ 407,382
Fringe Benefits	880	128,631	129,511
Professional Fees and Contracted Services	--	23,036	23,036
Travel	--	6,024	6,024
Occupancy	2,345	15,518	17,863
Communication Costs	297	4,234	4,531
Program and Office Supplies	507	29,954	30,461
Equipment, Property and Maintenance	216,289	30,069	246,358
Insurance	215	3,608	3,823
Interest Expense	57,426	--	57,426
Amortization	2,191	--	2,191
Miscellaneous	<u>3,936</u>	<u>13,614</u>	<u>17,550</u>
Total Expenditures Before Allocation of Indirect Costs	292,771	653,385	946,156
Allocation of Indirect Costs	<u>1,597</u>	<u>(653,189)</u>	<u>(651,592)</u>
Total Expenditures, Net	<u>\$ 294,368</u>	<u>\$ 196</u>	<u>\$ 294,564</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of New Opportunities, Inc. (an Iowa Non-Profit Corporation), which comprise the statement of financial position as of September 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated March 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Opportunities, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Opportunities, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of New Opportunities, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors of
New Opportunities, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seawood, Bill, High - W. P. C.

Atlantic, Iowa
March 10, 2021

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

Report on Compliance for Each Major Federal Program

We have audited New Opportunities, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Agency's major federal program for the year ended September 30, 2020. The Agency's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Agency's compliance.

Opinion on The Major Federal Program

In our opinion, New Opportunities, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

To the Board of Directors of
New Opportunities, Inc.

Report on Internal Control Over Compliance

Management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Andrew, Bill, Thye + Co. P.C.

Atlantic, Iowa
March 10, 2021

NEW OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2020

PART I: Summary of the Independent Auditor's Results

Financial Statements

- (a) Type of auditor's report issued:
- Unmodified.
- (b) Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (c) Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (e) Type of auditor's report issued on compliance for major program:
- Unmodified.
- (f) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.515? ☐ yes ☒ no
- (g) Identification of major program:
- CFDA Number 93.600 - Head Start/Early Head Start Program
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- (i) Auditee qualified as low-risk auditee? ☒ yes ☐ no

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2020

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

Part IV: Summary Schedule of Prior Audit Findings:

None

* * *